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Reserve

Volume 8

MILK MARKET INFORMATION  
CHATTANOOGA, TENNESSEE MARKETING AREA  
October 1963

Number 3

Released Pursuant to \$1090.27 (j) and \$1090.85, USDA-AMS  
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411  
J. B. McCroskey, Market Administrator

SUPREME COURT UPHOLDS MILK ORDER

Secretary of Agriculture Orville L. Freeman announced in October that some 2,250 dairy farmers in the Upper Chesapeake Bay (Baltimore) area will share in approximately one million dollars released under their Federal Milk Marketing Order. The money has been accumulating since the Baltimore order went into effect in February 1960.

When the order went into effect, a number of dairies filed court suits contesting its validity. Their equalization payments, instead of going into the pool and to producers, have gone into a court escrow fund to await outcome of the legal action.

The U. S. District Court originally ruled that the marketing order was not valid, but this decision was later reversed by the Circuit Court of Appeals. Still later the U. S. Supreme Court refused to grant an appeal from the decision of the Circuit Court - thus in effect upholding the legality of the milk order - thereby paving the way for release of the million dollars through the office of the Market Administrator to milk producers in the Baltimore area.

MARKET SUMMARY OCTOBER 1963

The MINIMUM uniform producer price is \$4.42 per cwt. f.o.b. Chattanooga Area Pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 7.6 cents for each one-tenth of one percent above or below 3.5%.

During October, 88.8% of the total producer milk was priced in Class I at \$4.63 per cwt. with a butterfat differential of 7.8 cents and 11.2% in Class II at \$3.15 per cwt. with a butterfat differential of 6.7 cents. The daily average use of Class I milk increased 6.0% compared with September 1963 and increased 20.0% compared with October 1962.

Daily average delivery of milk from producers was 531,484 pounds in October 1963, a decrease of 28,183 pounds per day compared with September 1963 and an increase of 5,731 pounds compared with October 1962. Percentage-wise, October deliveries decreased 5.0% compared with September 1963 and increased 1.1% compared to October 1962. The daily average farm delivery was 771 pounds compared with 781 pounds per farm for October 1962. This shows a decrease of 10 pounds (1.2 gallons) per farm per day.

MILK SAMPLES TESTED - Producer Fresh Samples 5,659 - Handler Finished Products 223. During October an average of 8.2 samples per producer was used to determine butterfat content and pay test. Other samples were used by the plants and various agencies to determine water, bacteria, solids-not-fat, antibiotics, etc.

NUMBER OF FARM PAYROLL ACCOUNTS

	1962			1963									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
New	2	2	1	0	30	1	52	4	3	1	3	7	2
Quit	2	3	5	2	2	34	7	9	4	4	5	8	7
Total	673	672	668	666	694	661	706	701	700	697	695	694	689

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>Oct. '63</u>	<u>Sept. '63</u>	<u>Oct. '62</u>
Number of Plants (Pool and Non-Pool)	14	14	14
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>			
Producer Deliveries	531,484	559,667	525,753
% October '63 compared with:	100.0	95.0	101.1
Other Source	16,869	20,031	11,172
Other Order	9,091	13,796	5,080
Total Milk Receipts	557,444	593,494	542,005
% October '63 compared with:	100.0	93.9	102.8
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>			
Class I Uses:			
Fluid Milk	393,251	368,510	317,444
Fluid Skim	22,025	20,631	17,372
Buttermilk	45,668	43,647	38,425
Flavored Milk and Drink	13,253	13,177	10,573
Fluid Creams (Sweet & Sour)	2,676	2,460	2,550
Bulk to Non-Handlers	633	1,809	11,006
Shrinkage Class I	876	629	1,481
Other	(490)	-	(728)
Total Class I Milk	477,892	450,863	398,123
% October '63 compared with:	100.0	106.0	120.0
Class II Uses:			
Butter	1,109	383	5,804
Cottage Cheese	19,643	20,556	17,181
Powdered and Condensed Milk	7,505	45,536	76,307
Ice Cream	36,654	46,675	32,962
Stockfeed	4,436	5,269	4,647
Shrinkage Class II	9,072	9,205	9,297
Other	1,133	15,007	(2,316)
Total Class II Milk	79,552	142,631	143,882
% October '63 compared with:	100.0	55.8	55.3
Gross Class I Butterfat Pounds	17,022	15,855	14,501
Gross Class II Butterfat Pounds	5,703	7,278	8,294
Total Butterfat Pounds	22,725	23,133	22,795
% Producer Milk of Gross Class I	111.2	124.1	132.1
% Producer Milk priced in Class I	88.8	79.5	74.9

NOVEMBER 1963 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Nov. '63</u>	<u>Oct. '63</u>	<u>Nov. '62</u>
Basic Formula	\$3.15	\$3.12	\$3.07
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	(0.02)	(0.24)	(0.30)
Class I Price, 3.5% Butterfat	\$4.88	\$4.63	\$4.52
Per \$ 1090.51 (a)			
Supply-Demand Comparison: 1st and 2nd preceding months: September and October			
Supply: Lbs. Producer Milk (Sept. 16,789,998 and Oct. 16,476,001)			33,265,999
Demand: Lbs. Net Class I Milk (Sept. 13,350,444 and Oct. 14,639,563)			27,990,007
Utilization Percentage: Producer milk divided by Class I			119
Standard Utilization Percentage: Range 114-118			118
Net Deviation Percentage: Utilization minus Standard Utilization			Plus 1
Supply-Demand Adjustment: 2 cents x 1 percentage point			Minus \$0.02

Since the supply in relation to the demand is more than the desired standard, the price is decreased 2 cents per hundredweight (2 cents x 1 percentage point).



COMPUTATION OF UNIFORM PRODUCER PRICES FOR OCTOBER 1963  
Based on 13 plant reports prior to audit (One plant excluded per §1090.72(a))

	Class %	Milk Pounds	Butterfat Test-%	Cwt.Price @ Test	Value
Gross Class I		13,938,253	3.540		
Less Other Source		190,279	2.511		
Producer Milk Class I	88.3	13,747,974	3.554269	\$4.672330	\$642,350.71
Gross Class II		2,420,555	7.157		
Less Other Source		597,436	1.336		
Producer Milk Class II	11.7	1,823,119	9.064411	6.878155	125,396.95
TOTAL PROD. (Cl. I + Cl. II)	100.0	15,571,093	4.199416		767,747.66
Less Fractional Adjustment					0.01
Add Compensatory Payment Value and Inventory Reclassification Value					267.18
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					9,499.40
TOTAL VALUE AT TEST		15,571,093	4.199416		777,514.23
Less Test Over 3.5% @ 7.6¢ per point		15,571,093	.699416	0.531556	82,769.08
TOTAL VALUE AT 3.5%		15,571,093	3.5	4.461762	694,745.15
Less Producer-Settlement Fund Reserve		15,571,093		.041762	6,502.80
UNIFORM PRICE f.o.b. POOL PLANT - 3.5%		15,571,093	3.5	\$4.42	\$688,242.35

OCTOBER 1963 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)  
BUTTERFAT DIFFERENTIAL 7.6¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	\$4.04	3.75	\$4.61	4.5	\$5.18	5.25	\$5.75
3.05	4.078	3.8	4.648	4.55	5.218	5.3	5.788
3.1	4.116	3.85	4.686	4.6	5.256	5.35	5.826
3.15	4.154	3.9	4.724	4.65	5.294	5.4	5.864
3.2	4.192	3.95	4.762	4.7	5.332	5.45	5.902
3.25	4.23	4.0	4.80	4.75	5.37	5.5	5.94
3.3	4.268	4.05	4.838	4.8	5.408	5.55	5.978
3.35	4.306	4.1	4.876	4.85	5.446	5.6	6.016
3.4	4.344	4.15	4.914	4.9	5.484	5.65	6.054
3.45	4.382	4.2	4.952	4.95	5.522	5.7	6.092
3.5	4.42	4.25	4.99	5.0	5.56	5.75	6.13
3.55	4.458	4.3	5.028	5.05	5.598	5.8	6.168
3.6	4.496	4.35	5.066	5.1	5.636	5.85	6.206
3.65	4.534	4.4	5.104	5.15	5.674	5.9	6.244
3.7	4.572	4.45	5.142	5.2	5.712	5.95	6.282

OCTOBER 1963 TOTAL CLASS I UNIT SALES BY 8 POOL AND 6 NON-POOL PLANTS <sup>1/</sup>

	GALS.	$\frac{1}{2}$ GALS.	QUARTS	PINTS	$\frac{1}{2}$ PINTS	PRODUCT LBS.	%-TOTAL
Homo & Std. Milk	290,513	1,510,926	434,529	510,002	3,194,769	12,190,773	82.46
Skim (to 3.0%)	27,317	59,817	85,366	-	5,845	682,764	4.62
Buttermilk	6,947	209,523	191,988	26,844	24,923	1,415,721	9.58
Flavored Milk	To $\frac{1}{2}$ Gal.	7,140	53,304	174,505	176,551	410,828	2.78
Cream ( $\frac{1}{2}$ & $\frac{1}{2}$ )	-	-	4,784	36,585	-	49,038	.33
Light Cream (X)	-	-	2,573	-	1,054	5,957	.04
Heavy Cream (XX) To Qts.	-	-	1,378	-	21,961	14,202	.10
Sour Cream	353	-	-	305	19,952	13,772	.09
				Total Pounds		14,783,055	100.00

<sup>1/</sup> Includes all unit sales by pool plants and sales "In Area" by non-pool plants.  
Distribution out of the three-county marketing area by the 8 pool plants was  
38.9% of the above total packaged product pounds.

## CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES <sup>1/</sup>				HANDLER CLASS PRICES <sup>1/</sup>			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Oct. '62	\$4.03	-	-	7.2¢	\$4.39	7.6¢	\$3.05	6.7¢
Nov.	4.20	-	-	7.2	4.52	7.5	3.09	6.7
Dec.	4.20	-	-	7.2	4.65	7.5	3.09	6.7
Jan. '63	4.29	-	-	7.2	4.70	7.5	3.09	6.7
Feb.	4.24	-	-	7.2	4.63	7.5	2.76	6.7
Mar.	4.33 <sup>2/</sup>	\$4.42	\$2.71	7.2	4.75	7.5	2.75	6.7
Apr.	4.23 <sup>2/</sup>	4.41	2.66	7.2	4.82	7.5	2.70	6.7
May	4.21 <sup>2/</sup>	4.34	2.62	7.2	4.79	7.5	2.66	6.7
June	4.17 <sup>2/</sup>	4.29	2.62	7.2	4.82	7.5	2.66	6.7
July	4.23 <sup>2/</sup>	4.39	2.62	7.2	4.83	7.5	2.66	6.7
Aug.	4.26	-	-	7.2	4.72	7.5	2.66	6.7
Sept.	4.30	-	-	7.4	4.61	7.5	3.20	6.9
Oct.	4.42	-	-	7.6	4.63	7.8	3.15	6.7
Nov.	-	-	-	-	4.88	7.6	-	-

## PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA	
			4 Tenn. Milk Mfg.	Chi.92° Butter	Chi.Area Powders	Minn.-Wisc. Mfg.Grade Milk	
	Milk Mfg.	Butter Powder	\$-cwt-4%	¢ Lb.	¢ Lb.	\$-cwt-3.5%	
Oct. '62	2.66	3.05	3.000	57.96	13.44	3.07	
Nov.	2.72	3.09	3.050	57.99	13.76	3.10	
Dec.	2.75	3.09	3.081	57.98	13.86	3.11	
Jan. '63	2.76	3.09	3.100	57.97	13.92	3.10	
Feb.	2.76	3.08	3.100	57.94	13.95	3.10	
Mar.	2.75	3.12	3.088	57.97	14.07	3.09	
Apr.	2.70	3.09	3.031	57.97	13.97	3.08	
May	2.66	3.09	3.000	57.97	13.94	3.07	
June	2.66	3.12	3.000	57.97	14.04	3.08	
July	2.66	3.12	3.000	57.97	14.03	3.09	
Aug.	2.66	3.12	3.000	57.97	14.07	3.10	
Sept.	2.66	3.20	3.000	59.70	14.18	3.12	
Oct.	2.73	3.15	3.070	58.48	14.18	3.15	

## SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA 3/				Deliveries Per			Prod.
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			Milk
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	Test%
Oct. '62	14	542,005	398,123	393,583	525,753	-	673	781	-	-	4.29
Nov.	14	515,320	408,567	403,451	500,139	-	672	744	-	-	4.41
Dec.	14	513,390	372,053	367,468	496,731	-	668	744	-	-	4.41
Jan. '63	15	508,073	389,629	383,326	493,008	-	666	740	-	-	4.36
Feb.	15	543,735	406,650	400,237	497,477	-	694	717	-	-	4.32
Mar.	16	522,627	400,023	385,801	481,460	456,507	661	728	691	37	4.17
Apr.	16	638,439	435,455	429,486	581,762	523,349	706	824	741	83	4.02
May	16	608,217	424,730	418,446	561,115	517,411	701	800	738	62	4.01
June	16	587,215	386,749	380,119	536,089	494,678	700	766	707	59	3.99
July	14	575,549	393,963	387,683	527,174	479,294	697	756	688	68	3.99
Aug.	14	586,869	430,310	423,917	537,729	-	695	774	-	-	4.00
Sept.	14	593,494	450,863	445,015	559,667	-	694	806	-	-	4.02
Oct.	14	557,444	477,892	471,754	531,484	-	689	771	-	-	4.20

<sup>1/</sup> Excludes Premiums<sup>2/</sup> For Statistics<sup>3/</sup> Other Source is Gross minus Producer; Class II is Receipts minus Class I